

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6582

BILL NUMBER: SB 212

NOTE PREPARED: Dec 20, 2007

BILL AMENDED:

SUBJECT: Expense Advances to Driver Employees.

FIRST AUTHOR: Sen. Bray

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill authorizes under certain circumstances an employer that is engaged in the transportation of property or household goods over public highways to deduct from wages earned in a subsequent pay period amounts advanced to a driver employee for business expenses and not adequately substantiated. It requires an employer to provide notice to the driver employee at the time of the advance that amounts in excess of substantiated expenses may be deducted from a subsequent paycheck and provides that the deduction may not be considered a fine, wage deduction, or wage assignment.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the bill's provisions. The Department's current level of resources should be sufficient to implement this change.

Explanation of State Revenues: *Summary:* The bill's provisions would have no fiscal impact on the Adjusted Gross Income (AGI) Tax as employers would be permitted to make certain deductions from employees' future wage earnings based on the amount of business expenses advanced by the employer to the employee.

Background: The bill specifies that an employer may not make a deduction unless, at the time of the advance, the employer provides notice to the employee that the amount advanced may be deducted from future paychecks. This might occur in the event that the amount advanced exceeds the amount substantiated with

either a receipt or other appropriate documentation, as specified in United States Code, Title 26, which includes the following:

- (1) The amount of such expense or item.
- (2) The time and place of the travel, entertainment, amusement, recreation, or use of the facility or property, or the date and description of the gift.
- (3) The business purpose of the expense or other item; and
- (4) The business relationship of the persons entertained, using the facility or property, or receiving the gift.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: United States Code, Title 26;
http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000274----000-.html

Fiscal Analyst: Hannah Mongiat, 317-232-9867.